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## Tunisia

### Exporter Guide

### Annual

### 2008

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**Report Highlights:**

All sections of the Exporter Guide have been revised, mainly to update economic data.

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Tunis [TS1]  
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## Section I: Market overview

### 1.1 Economic Situation

The Tunisian economy, unlike many other oil-based economies in the North Africa Middle East region, hinges on a set of diversified sectors (agriculture, manufacturing, and services) and has been showing a steady growth at roughly 5 percent on average per year. The country, whose economic performance is very often hailed<sup>1</sup> as a model for other African countries, is well anchored in the ‘middle-income’ category of nations.

In 2007, the economy continued to be strained by sizeable price increases for energy and agricultural imports. Nevertheless, GDP growth rate stood at 6.3 percent, thanks, in part, to a good agricultural season. The outlook for 2008 is also favorable as GDP growth is set to again top 6 percent. Inflationary pressures fueled by soaring prices for oil and other basic agricultural commodities remain relatively high. The inflation rate, which used to be generally kept under 3 percent, climbed to 5.7 % for the 12-month period ending January 2008. The food inflation index reached an all-time high of nearly 9 percent for the same period.

Agriculture is an important component of the Tunisian economy contributing nearly 12 to 13 percent of the GDP and up to 10 percent of overall export of goods. Agriculture employs directly an estimated one-sixth of the country’s workforce and provides almost one-third of the population with a supplementary income. Tunisian agriculture is bolstered by a relatively well-developed food-processing sector. Taken together, agriculture and downstream agro-industries account for an estimated one-sixth of the GDP.

Tunisia continues to be a net importer of agricultural products. In 2007, Tunisia imported agricultural products valued at nearly \$ 2.0 billion Tunisian Dinars. About 15 percent of this total is sourced from the United States. Imports are largely made up of bulk and intermediate commodities such grains, vegetables oils, and soybean meal. Imports of consumer-oriented food products at an average of US\$ 150 million per year remain a relatively tiny import segment.

The U.S. market share has real room for growth despite a price competitiveness gap with the EU caused by substantially higher freight costs and preferential access granted to the EU following the free trade agreement<sup>2</sup> enactment in the mid 90’s.

In addition, the establishment of the Greater Arab Free Trade Area (GAFTA) in January 2005 has significantly altered market access for consumer-oriented products. Tunisia and 17 other Arab countries agreed to grant mutual zero-duty status for several products including consumer-oriented products.

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<sup>1</sup>In the 2007 edition of the “Global Competitiveness Report” published by the World Economic Forum, Tunisia ranked first among African countries in the overall competitive index.

<sup>2</sup> Tunisia was the first country (July 1995) to sign an Association Agreement with the EU, which implies a free trade area to be gradually reached over a 12-year transition period.

## 1.2 Key demographic developments and their impact on consumer buying habits

Tunisia has a population of nearly 10 million, growing at a very low rate (only 1.15 percent in 2006). Two-thirds of the inhabitants live in urban cities and nearly one-fifth is living in the Greater Tunis metropolitan area. The population enjoys a relatively good social welfare, with ready access to education and health services. Women enjoy equal status to men and make up a sizeable part of the work force. Tunisia has a relatively large middle class, which, according to official data, represents 80 percent of the entire population.

Tunisians enjoy relatively high per capita revenue. It reached nearly \$ 2,900 in 2006 at current prices, equivalent to purchasing power parity (PPP) of nearly \$ 8,900 (2006 estimate). This PPP level is among the highest in Africa. Data collected by the latest census conducted in 2004 put the total household count at around 2.3 million.

The Household Consumption Survey conducted in 2005 by the INS (Institut National des Statistiques) and whose main findings were released few months ago, indicates that total annual household spending stands at 8,211 TD (equivalent to \$ 6,600), 35 percent of that amount is devoted to food expenditures. Although spending on food as a percentage of the total household budget is steadily shrinking, it remains the biggest spending category. In addition, this survey shows that urban households spend nearly 65 percent more than rural ones.

The typical Tunisian diet relies on staples such as couscous, the famous dish of North Africa made from durum wheat. Pasta and olive oil are also popular as Tunisian cuisine is, to a certain extent, influenced by Italy, its closest European neighbor. Seafood is a mainstay of the Tunisian diet. Tunisians like their food hot and spicy.

Advantages	Challenges
A relatively high household disposable income	High tariffs levied on consumer-oriented products
US food products' quality is well perceived	Establishment of the Greater Arab Free Trade Area (GAFTA)
A favorable US dollar exchange rate against the Euro	Higher freight cost as compared to goods sourced from nearby countries
An increasing sophistication of the consumption patterns driven by modern food retail	Lack of awareness of US food products' brand names compared to the European brands

## Section II: Exporter Business Tips

Doing business in Tunisia very often needs direct interaction with customers or at least via a local agent who serves as a trade facilitator and sometimes as an interpreter. The official language is Arabic, and the second language is French. Although Tunisian businessmen perceive U.S. agricultural goods as of high quality, some of them are reluctant to pay substantial premiums, as price remains the most determining factor. So people embarking on business in Tunisia should be prepared for relatively demanding price negotiations.

Business etiquette is quite similar to western countries. The Tunisian weekend is Saturday and Sunday. During the holy fasting month of Ramadan the workday is shorter and it is advisable to be concise and to avoid having lengthy discussions or meetings. When invited into someone's home to share the Iftar meal (the meal marking the end of fast at sunset), it is common for guests to bring a small gift as a token of appreciation.

Commercial advertising is well developed in Tunisia with TV channels and newspapers providing the most sought-after vehicles for ads. Posters, lotteries and event sponsorships are also very common. Tunisians, especially those with high income, like to buy brands/trademarks having a 'western look' seen in foreign satellites TV commercials and in foreign newspapers ads.

According to the Consumer Protection Law of 1992, labeling should be in Arabic in addition to other languages (mainly French and English), and measurements must be in the metric system. In general, labels on pre-packaged foods shall be applied in such manner that they will not become separated from the container and should avoid any misleading or confusing indications. Food packaging materials must meet Tunisian standards and bear a food grade international logo (Decree # 2003-1718 of August, 2003).

Food standards are in general similar to those prevailing in developed countries as Tunisia is heavily relying on Codex alimentarius standards when setting its own food safety measures.

In addition to phytosanitary and sanitary certificates, the majority of consumer-oriented food products are subject to a technical quality control prior to customs clearance, as mandated by decree # 94-1744 dated August 1994. Importers must apply for a document called Autorisation de Mise a la Consommation (AMC). In order to expedite customs clearance, the importer is entitled to a temporary document called Autorisation Provisoire d'Enlevement (APE), pending dossier instruction but must refrain from distributing or further processing the imported good until the AMC is delivered by the Ministry of Commerce, Directorate of Quality and Consumer Protection.

In order to clear customs, an application form has to be submitted along with the following documents:

- Commercial invoice: Since October 2006, customs clearance requires domiciliation of the commercial invoice with an approved financial intermediary (i.e. commercial bank). Prior to October 2006, an import certificate, issued automatically for the goods under the free foreign trade regime, and domiciliated with a commercial bank responsible of implementing transaction-related financial obligations, was needed. This requirement was

removed by decree # 2006-2619 dated October 2, 2006 in move to reduce documentation and further facilitate foreign trade transactions.

- Packing list
- Bill of lading
- Technical notice describing the product
- Other document (s) at the discretion of the Authorities

In addition to the above-mentioned documents specific certificates are required for dioxin residues and for radioactivity contamination.

It is worth noting that in order to clear customs pre-packaged food items shall have at least 50 percent remaining of their shelf life period to be admitted into the country.

Tunisian currency, the Dinar, is not fully convertible. The Tunisian banking system is strictly supervised by the Central Bank of Tunisia, which has several restrictions on capital outflows. However, the Dinar is convertible for trade and investment transactions. The Government of Tunisia is carrying out reforms aimed at the full convertibility, although the latter is most likely still far away.

Supply of short-term commercial credit generally exceeds demand. USDA's Export Credit Guarantee Programs are, in general, available.

### **Section III: Market sector structure and trends**

According to the latest National Statistics Institute's (INS) survey conducted in 2005, Tunisians spend on food nearly 6.3 billion TD a year (nearly \$ 5 billion), mainly to purchase staples like bread, pasta, semolina, cooking oil and dairy products. Other items that used to be considered luxury goods, such as salty and sweet snacks, fruit juices or fresh fruits, are increasingly popular.

The retail sector (food and non-food) is boasting an annual growth rate nearly 10 percent outpacing GDP growth rate. The food retail sector is gradually shifting from traditional distribution patterns based on small neighborhood shops carrying limited assortments (a few dozens of food items) to modern distribution based on supermarkets displaying wider and deeper food assortments. Modern distribution commands nearly 15 percent of total retail sales. Fresh fruit and vegetables as well as fishery products are sold either in souks (open markets) or in specialized small shops.

Currently, the country has only about 210 modern food retail outlets: 2 hypermarkets, 120 supermarkets and 100 superettes, self-service food outlets with a selling area of less than 500 sq meters.

The major retail players<sup>3</sup> are posting double-digit revenue growth. French supermarkets, such as Carrefour and Casino are already present in Tunisia, along with Tunisian retailers such as

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<sup>3</sup> The major players in modern food retailing are: Group UTIC (Carrefour hypermarket and Champion supermarket fascias licensed by the French retailer Carrefour), Group Mabrouk (Geant hypermarket and Monoprix supermarket fascias licensed by the French retailer Casino), Magasin General, a previously state-owned supermarket chain, and Promogros, a privately owned supermarket chain

Magasin General and Monoprix. More foreign retailers are expected to enter the market in the medium run enticed by a sector poised to expand more aggressively over the next decade, displacing traditional shops and capturing an estimated 30 percent of the overall food retail market. A higher disposable income due, in part, to an increasing number of households with dual income, increased urbanization and increased exposure to western lifestyles are all factors underpinning this ongoing reshape of the Tunisian food retail landscape.

The stocking of shelves at the supermarkets and hypermarkets levels is done through two channels: either through importers or directly by the retailer himself using its own local and international procurement subsidiaries, the so-called 'Centrale d'achats'. Small grocery stores source their goods from wholesalers for the large part of their assortment and from certain importers having their own distribution fleet to supply goods at the retail level.

In Tunisia, the Hotel and Restaurant Industry (HRI) is not perceived as a separate market, for most hotels and restaurants source their food needs either through annual tenders or using the same distribution channels as households. In addition to domestic customers, this sector caters to more than 5 million tourists visiting Tunisia each year. High-end hotels do import spirits, wines and specialty cheese either directly or via import companies.

The food processing sector demand for imported high-value ingredients is steadily increasing, with more sophisticated products licensed by multinational food companies (Nestle, Danone).

The following table gives indications about the number of food processing companies broken down by main sub-sectors. For each sub-sector there are off-shore companies whose operations are geared toward export and on-shore companies, i.e. those working mainly for the domestic market.

Activity	Off-shore companies	On-shore companies	Total
Oils and fats industries	8	257	265
Fruits and vegetables industries	7	52	59
Cold storages facilities	41	67	108
Seafood industries	39	30	69
Cereals and derivatives industries	5	284	289
Beverage industries	5	46	51
Dairy industries	-	37	37
Sugar and confectionary industries	2	29	31
Meat industries	1	23	24
Other food processing industries	16	58	74
<b>Total</b>	<b>124</b>	<b>883</b>	<b>1007</b>

Source: Industry Promotion Agency-April 2007

The best market entry approach for new-to-market exporters is to try to identify a suitable importer, i.e., an importer with experience in handling the targeted products. U.S. exporters are encouraged to check the credentials of the importer. Another alternative could be to contact

retailers directly, as some of them have subsidiaries dealing with local and international procurement. The USDA/FAS office in Tunisia is able to help match new-to-market exporters with appropriate potential business partners or to conduct specially tailored inquiries for U.S. companies seeking to conduct business in this emerging market.

#### **Section IV: Best high-value product prospects**

Owing to an expanding middle-class and the consequent change of both consumption patterns and distribution channels, the Tunisian market is evolving in a way creating real export opportunities for value-added consumer-oriented products (COP).

The following consumer-oriented products are prospected to perform best in the Tunisian market: Tree nuts, dried fruits, cookies, sauces, condiments and mixed seasoning and breakfast cereals.

#### **Section V: Other Relevant Reports**

Reports that might be useful to US exporters of consumer-oriented food products to Tunisia can be found at website: <http://www.fas.usda.gov>). Following is a list of other relevant reports

Report	Log number	Date issued
<a href="#">FAIRS Country Report</a>	TS7009	9/04/2007
<a href="#">Exporter Guide</a>	TS6010	11/15/2006
<a href="#">Retail Food Sector</a>	TS5011	11/28/2005



**Section VI: Key contacts and further information**

The Office of Agricultural Affairs (OAA) at the American Embassy is the USDA/FAS office in Tunisia. It provides trade servicing and market intelligence. Services offered by OAA include market briefings, lists of importers, setting up agendas and meetings.

**US Embassy/ USDA-Foreign Agricultural Service Contacts****Michael FAY, Regional Agricultural Attaché** (based in Morocco)

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Phone: 216 71 107 486

Fax : 216 71 107 101

Adresse : Zone Nord-Est des Berges du Lac, Nord de Tunis, 2045 La Goulette, Tunisia

**Other Contacts :****Directorate General for Veterinary services (DGSV)**

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : [mag@ministeres.tn](mailto:mag@ministeres.tn)

**Directorate General for Crop Protection and Quality of Agricultural Products (DGPCQPA)**

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : [mag@ministeres.tn](mailto:mag@ministeres.tn)

**Directorate of Quality and Consumer Protection (DQPC)**

Ministry of Commerce

Adresse : 37, av. Keireddine Pacha, 1002 Tunis

Phone : (216) 71 890-070 / 890 337

e-Mail : [mcmr@ministeres.tn](mailto:mcmr@ministeres.tn)

**Institut National de Normalisation et de Propriété Industrielle (Innorpi)**

Standards setting and intellectual property enforcement authority

BP 23 - 1012 Tunis Belvédère

Phone: 216 71 785 922

Fax: 216 71 781 563

E-mail: [inorpi@email.ati.tn](mailto:inorpi@email.ati.tn)

**Institut National des Statistiques (INS)**

Trade and demographic statistics

Phone: 216 71 891 002

Fax (216) 71 792 559

E-mail E-mail : [INS@mdci.gov.tn](mailto:INS@mdci.gov.tn)

<http://www.ins.nat.tn>

**Other relevant websites**

- [www.cepex.nat.tn](http://www.cepex.nat.tn): The website of the Cepex (Export promotion agency) which has the full list of has le list of the domestic and international trade shows of interest for Tunisian businessmen
- [www.Tunisie-commerce.com](http://www.Tunisie-commerce.com): A directory of trade Tunisian companies
- <http://www.tunisianindustry.nat.tn>: the website of the Industry promotion agency
- [www.bct.gov.tn](http://www.bct.gov.tn): The website of the Tunisian Central bank
- [www.smg.com.tn](http://www.smg.com.tn): the website of the leading Tunisian retailer: Magasin General
- [www.TunisiaOnline.com](http://www.TunisiaOnline.com): a digital gateway to news and information resources on Tunisia, Tunisia's history, government, culture and environment.

## Exporter Guide Appendix I. Statistics

**Table A: Key Trade & Demographic Information**

Agricultural Imports From All Countries (\$mil) / US Market Share (%) (average of 2005/2006/2007)	1350	10 percent
Consumer Food Imports From All countries (\$ mil) / US market share (%) (Average of 2003/2004/2005)	472	Less than 1 percent
Edible Fishery Imports from All countries (\$mil)/ US market Share (2005)	47.9	0
Total Population (millions)/ Annual Growth Rate (%)	10,225 (2007 estimate)	1.15 percent
Urban Population (millions)/ Annual Growth Rate (%)	6490 (2004)	1.83 percent
Number of Major Metropolitan Areas	1	
Size of the Middle Class (millions)/ Growth rate	8 (2004 estimate)	1.0 percent
Per capita Gross Domestic Product (U.S. Dollars), 2006	2,900 (equivalent US dollars at current prices)	
Unemployment rate (%)	13.9 (2007)	
Per capita Food Expenditures (U.S. Dollars)	490 (in 2005)	
Percent of Female Population Employed	24.3 (2005)	
Exchange Rate	1.3 TD for \$ 1.0 (2007 average)	

Table B. Consumer Food &amp; Edible fishery product imports

Tunisia Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
<b>CONSUMER-ORIENTED AGRICULTURAL TOTAL</b>	<b>116</b>	<b>132</b>	<b>199</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>
Snack Foods (Excl. Nuts)	4	4	5	0	0	0	0	0	0
Breakfast Cereals & Pancake Mix	1	1	1	1	0	0	7	0	0
Red Meats, Fresh/Chilled/Frozen	0	4	27	0	0	0	0	0	0
Red Meats, Prepared/Preserved	1	1	1	0	0	0	0	0	0
Poultry Meat	1	1	1	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	20	29	40	0	0	1	0	0	0
Cheese	7	8	10	0	0	0	0	0	0
Eggs & Products	2	3	3	1	1	1	0	0	0
Fresh Fruit	5	5	16	1	0	0	0	0	0
Fresh Vegetables	18	17	22	0	0	0	0	0	0
Processed Fruit & Vegetables	7	6	10	1	1	1	6	8	0
Fruit & Vegetable Juices	3	3	3	0	0	0	0	0	0
Tree Nuts	3	5	6	1	1	1	27	27	12
Wine & Beer	1	1	1	0	0	1	0	0	0
Nursery Products & Cut Flowers	3	4	6	1	1	1	0	0	0
Other Consumer-Oriented Products	41	43	49	2	1	1	5	2	3
<b>FISH &amp; SEAFOOD PRODUCTS</b>	<b>19</b>	<b>36</b>	<b>29</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
Salmon	1	1	1	1	0	0	1	0	0
Surimi	0	0	1	0	0	0	0	0	0
Crustaceans	1	1	1	0	0	0	0	0	0
Groundfish & Flatfish	1	2	2	0	1	0	0	1	0
Molluscs	1	1	1	1	0	0	5	0	0
Other Fishery Products	16	32	25	0	1	1	0	0	0
<b>AGRICULTURAL PRODUCTS TOTAL</b>	<b>993</b>	<b>858</b>	<b>1021</b>	<b>121</b>	<b>64</b>	<b>79</b>	<b>12</b>	<b>7</b>	<b>8</b>
<b>AGRICULTURAL, FISH &amp; FORESTRY TOTAL</b>	<b>1128</b>	<b>1020</b>	<b>1189</b>	<b>121</b>	<b>64</b>	<b>80</b>	<b>11</b>	<b>6</b>	<b>7</b>

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

**Table C. TOP 15 Suppliers of Consumer Foods & Edible Fishery products****Tunisia Imports**

CONSUMER-ORIENTED AGRICULTURAL TOTAL (\$ 1,000)

	<b>2002</b>	<b>2003</b>	<b>2004</b>
France	26,112	35,035	49,324
Germany	3,268	10,585	31,462
Netherlands	18,079	17,733	23,053
Egypt	15,507	14,224	20,406
Ecuador	3,868	3,858	13,498
Spain	7,745	7,216	7,367
Ireland	442	866	6,512
Belgium	5,956	6,311	6,456
Turkey	1,618	4,478	6,292
Morocco	7,390	7,147	6,038
Italy	3,129	4,669	4,866
Denmark	2,669	2,238	2,008
<b>United States</b>	<b>3,387</b>	<b>2,780</b>	<b>1,974</b>
Austria	2,611	1,670	1,938
Australia	1,725	1,828	1,836
Other	12,728	10,895	16,019
<b>World</b>	<b>116,232</b>	<b>131,555</b>	<b>199,060</b>

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office